

State Board of Equalization
OPERATIONS MEMO
For Public Release

No: 1110
Date: December 26, 2003

SUBJECT: Consumer Use Tax Vehicle, Vessel, and Aircraft Determination Cancellations in Excess of \$50,000

I. GENERAL

On June 25, 2003, the Board delegated to the Sales and Use Tax Department (SUTD) the authority to cancel or redetermine to zero all vehicle, vessel, and aircraft individual determinations (billings) in excess of \$50,000. The Board also ordered that the Board Reference Manual be amended to reflect the revised levels of delegation and to require that the public records on those items above \$50,000 that are canceled or redetermined to zero be retained in the Board Proceedings Division.

II. PROCEDURES

A. Approvals for all vehicle, vessel, and aircraft Consumer Use Tax (CUT) billing cancellations in excess of \$50,000 will be sent to the SUTD and will no longer be heard on the Board's non-appearance Consent Calendar.

B. The Petitions Section will coordinate sending all such cancellations in excess of \$50,000 to the Deputy Director, SUTD, or designee for approval.

C. The Petitions Section will notify the Board Proceedings Division of the account number, appeals case number, and cancellation amount to be included in the public record ten days before the effective date of the approval pursuant to Revenue and Taxation Code sections 6901 and 6981.

In general, with the exceptions noted above, the current review process and workflow related to such cancellations of CUT billings in excess of \$50,000 will remain unchanged.

II. HEADQUARTERS RESPONSIBILITY

A. Deputy Director, SUTD, or Designee: The Deputy Director, SUTD, or designee, shall approve cancellations of all vehicle, vessel, and aircraft billings in excess of \$50,000 when tax is determined not to be due. The approval becomes effective ten days after the cancellation is made available as a public record.

B. Petitions Section: The Petitions Section will coordinate approval of cancellations of all vehicles, vessels, and aircraft CUT billings in excess of \$50,000. The Petitions Section will forward for approval to the Deputy Director, SUTD, or designee, all such CUT cancellations in excess of \$50,000 when tax is determined not to be due. The Petitions Section will continue to review cancellation recommendations received from the Centralized Collection Section or received pursuant to petitions for redetermination. Case files of pending approvals are to be maintained in the Petitions Section.

The Petitions Section will notify Board Proceedings of the account number, appeals case number and cancellation amount at least ten days before the effective date of the approved cancellation and maintain a record of such notification. The Petitions Section will process approved cancellations on the Integrated Revenue Information System (IRIS) and issue appropriate notices or statements to taxpayers to reflect the cancellation of billings following the ten day public record period and approval of the cancellation.

The Petitions Section will notify the Audit Determination and Refund Section when approved cancellations involve a resulting refund in excess of \$50,000 following the ten day public record period. The resulting refund in excess of \$50,000 will require scheduling on the non-appearance Consent Calendar for Board member approval.

C. Board Proceedings Division: The Board Proceedings Division will amend the Board Reference Manual to reflect the revised levels of delegation and make as a public record cases referred to it from the SUTD. The public record will consist of the account number appeals case number, and amount of cancellation and will be retained for a period of one year. The Board Proceedings Division will notify the SUTD of the date such cases were made a public record. The Board Proceedings Division will respond to inquiries regarding the public record.

Board Proceedings will forward to the SUTD all CUT cancellation cases involving vehicles, vessels and aircraft where an oral hearing request was previously acknowledged by the Board Proceedings Division. Recommended cancellations will not be presented to the Board members for hearing.

D. Audit Determination and Refund Section: When cancellation of the billing results in a refund of payments in excess of \$50,000, the refund will continue to require approval by the members of the Board and will be scheduled on the Board's non-appearance Consent Calendar. The Petitions Section, after preparing the case summary for the Consent Calendar, will forward cancellations resulting in a refund in excess of \$50,000 to the Audit Determination and Refund Section for further processing. The Audit Determination and Refund Section is responsible for scheduling refunds in excess of \$50,000 on the non-appearance Consent Calendar for Board approval and the issuance of the approved refund. The Petitions Section will issue a closing notice or statement only after Board approval of the refund.

E. Centralized Collection Section: The Centralized Collection Section will continue to forward all recommendations to approve CUT billing cancellations over \$50,000 to the Petitions Section for final approval and cancellation.

F. Consumer Use Tax Section: The CUT Section will issue the original use tax billing, as is current practice. The CUT Section will refer claims for refund, including refunds in excess of \$50,000, to the Audit Determination and Refund Section for processing.

IV. OBSOLECENCE

This Operations Memo will become obsolete when the information contained herein is incorporated into the appropriate manuals.

Ramon J. Hirsig
Deputy Director
Sales and Use Tax Department

Distribution: